Summary of Changes to International Traffic in Arms Regulations § 126.1 - Russia

<u>OVERVIEW</u>: On March 18, 2021, the Directorate of Defense Trade Controls (DDTC) published a final rule (86 FR 14802) amending § 126.1 of the International Traffic in Arms Regulation to include Russia and announce that, subject to certain exceptions, it is the policy of the United States to deny licenses and other approvals for exports of defense articles and defense services destined for Russia.

The Bureau of International Security and Nonproliferation (ISN) concurrently published a separate notice of sanctions entitled "Determinations Regarding Use of Chemical Weapons by Russia Under the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991" (86 FR 14804). This notice resulted from the Secretary of State's determination on March 1, 2021, pursuant to that Act

that the Government of Russia used chemical weapons in violation of international law or lethal chemical weapons against its own nationals.

The ITAR Amendment

The final rule (86 FR 14802) does the following:

- Adds Russia to ITAR § 126.1(d)(2), which applies a policy of denial for exports, subject to certain exceptions, as specified in ITAR § 126.1(l).
- Provides in ITAR § 126.1(I) that exports of defense articles and defense services to Russia are subject to a policy of denial, except that a license or other approval may be issued on a case-by-case basis:
 - (1) for government space cooperation; and
 - (2) prior to September 1, 2021, for commercial space launches.
- Amends ITAR § 126.1(a) to allow exporters to use the exemptions provided in ITAR § 126.4(a)(2) and (b)(2) for exports to Russia when in support of government space cooperation.

What changed as of March 18, 2021?

- Any specific license or authorization to export defense articles, including technical data, or defense services to Russia will be subject to a policy of denial unless one of the listed carve-outs applies.
- The policy also applies to license applications in furtherance of previously approved agreements, and amendments to previously approved agreements.
- License applications submitted to DDTC that meet a carve-out are still subject to a case-by-case review, including a foreign policy and national security review.

Q&A's

Q: Will DDTC deny all pending license applications involving Russia as a party to the transaction?

A: DDTC is currently assessing license applications involving Russia to determine that country's role in the transaction. If the transaction does not meet one of the carve-outs, the license application will be denied. If it does meet one of the carve-outs, the license application will be reviewed on a case-by-case basis.

Q: I applied for and received a DDTC issued license or agreement for export to Russia. Is it now automatically void?

A: No. DDTC will contact you in the event that your existing license or other approval is terminated, suspended, or otherwise revoked. No new export licenses or other approvals that identify Russia and do not satisfy one of the carve-outs will be issued; this includes amendments to existing agreements and licenses in furtherance of existing agreements.

Q: Do I need to submit my license application in support of commercial space launches before September 1, 2021, or does DDTC need to approve my license application before September 1, 2021?

A: You should plan to submit any license applications far enough in advance to enable DDTC to complete its case-by-case review of the application prior to September 1, 2021. Average license processing timelines generally range from 35-45 days and exports involving countries listed in ITAR § 126.1 often require additional time to review.

Q: Does the policy of denial apply to temporary imports from Russia? Or does it apply only to exports?

A: As provided in ITAR § 126.1(I), the policy of denial applies to licenses or other approvals for exports of defense articles and defense services destined for Russia. License applications related to temporary imports will continue to be adjudicated on a case-by-case basis consistent with U.S. foreign policy and national security considerations.

Q: Does the policy of denial apply to brokering activities involving Russia?

A: Consistent with ITAR § 129.7(d), it is the policy of the Department of State to deny requests for approval of brokering activities or proposals to engage in brokering activities involving any country listed in ITAR § 126.1.

*For a complete set of FAQs related to this rule, please visit the "ITAR/USML Updates" tab of the <u>Frequently Asked Questions</u> page of our website (www.pmddtc.state.gov).